Basel III
Pillar 3 Disclosures

30 June 2020

Contents

1. Introduction

1.1 Background

EFG International AG (the Group) is regulated by the Swiss Financial Market Supervisory Authority (FINMA) which requires the Group to comply with Pillar III disclosures that are part of the Basel III Capital Adequacy Framework.

This report discloses the Group's application of the Basel III framework as at 30 June 2020 and the changes since 31 December 2019.

1.2 Objective

The objective of this report is to provide information on capital management within the Group to investors, analysts, ratings agencies and supervisory bodies. It describes the Groups capital adequacy and liquidity position.

1.3 Scope

There is no difference in the scope of consolidation for the calculation of capital adequacy and the 30 June 2020 Consolidated Financial Statements.

No subsidiaries are proportionally consolidated.

As the Group operates various regulated banks in different countries, each of these countries have regulations limiting the transfer of regulatory capital (and in some instances cash balances) between jurisdictions.

As the parent entity of the Group, EFG International AG is a holding company, the parent entity is only regulated on a consolidated basis, and hence no "single entity" reporting has been produced.

1.4 Basis of preparation

This document was prepared in accordance with the Pillar III disclosure requirements set forth under FINMA Circular 2016/1 "Disclosure – banks". Certain tables referred to in this document are numbered as per the FINMA requirements.

In order to have the full view of the Group's regulatory environment and capital requirements, this report should be read in conjunction with the Group's Half Year Report 2020 (http://www.efginternational.com).

1.5 Internal control system

The Group's internal control system (ICS) is an integrated Group-wide system covering all functions and all hierarchical levels. In addition to the Group's front-line activities, the internal control system also applies to business-support and monitoring functions. The Group works continually to foster a culture of oversight among its staff so that each employee understands their role in the ICS.

The Group carries out a periodic review of key risks and controls, with a particular focus on operational risks. The Group keeps detailed records of these risks and controls and identifies the main areas of potential improvement. It also prepares an annual assessment of its ICS for the financial accounts in order to meet the requirements of Swiss auditing standard No. 890.

1.6 Accounting principles

The Group complies with IFRS accounting principles which are used in the financial reporting presented in the Annual Report. The Group complies with Swiss accounting principles reporting (Accounting-banks "Swiss ARB") for Capital Adequacy purposes on the same basis as its major subsidiary, EFG Bank AG. All figures within this report are prepared under the basis of Swiss GAAP, unless otherwise stated.

As at 30 June 2020, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's capital adequacy positions relates to:
- pension liability of CHF (80.7) million
- valuation differences of life insurance related assets of CHF (211.7) million
- hedge accounting treatment of CHF (67.0) million.

For further details of the reconciliation between IFRS and Swiss ARB, see Section 5 to this report.

2. Capital adequacy and liquidity

The Group's objectives when managing regulatory capital and liquidity is to comply with the requirements set by regulators of the jurisdictions in which the Group entities operate and to safeguard the Group's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital is continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements (BIS). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Financial Market Supervisory Authority (FINMA).

The Group reports regulatory capital according to the Swiss Capital Ordinance, therefore complying with the FINMA requirements.

Monitoring capital adequacy and liquidity is a key component of the Group's financial strategy. Management carefully considers the potential impact on the Group's capital ratios and liquidity ratio before making any major decisions about the Group's operations and the orientation of its business.

The Executive Committee monitors the capital ratios and liquidity ratio monthly for the Group, with Board oversight on a quarterly basis.

2.1 Key ratios

FINMA's capital ratio requirement is based on the Basel III Accord and is set forth in Article 41 of the Capital Adequacy Ordinance (CAO). The minimum required total capital ratio for the Group is 12.0% at 30 June 2020. The permanent requirement consists of the absolute minimum requirement for a banking license (8%) and the capital buffer for a category 3 bank (4.0%).

The Group's common equity tier 1 (CET1) ratio was 15.3%, above FINMA's requirement of 7.8%. The Group's total capital ratio was 19.1% at 30 June 2020, higher than the regulatory requirement of 12.0%.

The leverage ratio was 4.3% at 30 June 2020 (see Section 6). This ratio is above the regulatory requirement of 3%.

The Group's liquidity coverage ratio (LCR) was 190% at 30 June 2020, above the minimum regulatory requirement of 100% in 2020 (see Section 4.1).

The following table[1] summarises all key metrics, which are explained in further detail in subsequent sections of this report.

[1] FINMA Circular 2016/1 Table KM1

	CHF millions	a 30 June 2020	c 31 December 2019	e 30 June 2019
	Available capital			
1	Common Equity Tier 1 (CET1)	1,589.2	1,639.6	1,697.5
2	Tier 1 capital (T1)	1,603.4	1,654.1	1,712.6
3	**Total Capital**	**1,982.8**	**2,039.1**	**2,097.7**
	Risk weighted assets (RWA)			
4	Total risk weighted assets (RWA)	10,386.8	10,136.1	10,010.8
4a	Minimum required capital based on risk-based requirements	830.9	810.9	800.9
	Risk based capital ratios as a percentage of RWA			
5	Common Equity Tier 1 ratio (%)	15.3%	16.2%	17.0%
6	Tier 1 ratio	15.4%	16.3%	17.1%
7	**Total capital ratio**	**19.1%**	**20.1%**	**21.0%**
	Additional CET1 buffer requirements as a percentage of RWA			
8	Capital conservation buffer requirement	2.5%	2.5%	2.5%
11	Total of bank CET1 specific buffer requirements (%)	2.5%	2.6%	2.6%
12	CET1 available after meeting bank's minimum capital requirements (%)	9.9%	10.3%	11.1%
	Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (% of RWA)			
12a	Capital buffer as per Annex 8 CAO	4.0%	4.0%	4.0%
12b	National countercyclical buffer (art. 44 and 44a CAO) (%)	0.00%	0.12%	0.13%
12c	CET1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	7.8%	7.9%	7.9%
12d	T1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	9.6%	9.7%	9.7%
12e	Total capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	12.0%	12.1%	12.1%
	BASEL III leverage ratio			
13	Total leverage ratio exposure	37,654.8	42,709.0	42,279.0
14	**Leverage ratio (%)**	**4.3%**	**3.9%**	**4.1%**
	Liquidity coverage ratio (LCR)			
15	Total high-quality liquid assets (HQLA)	11,809.8	11,768.3	12,385.7
16	Total net cash outflow	6,203.5	6,458.0	7,233.9
17	**LCR (%)**	**190%**	**182%**	**171%**

2.2 Composition of the regulatory eligible capital

The Group’s regulatory capital is composed of:
– CET1 capital
– Additional Tier 1 capital
– Tier 2 capital.

CET1 capital comprises paid-in capital, disclosed reserves and minority interests. At 30 June 2020, the Group’s share capital amounted to CHF 147.3 million and consisted of 294,590,374 fully paid-in registered shares with a par value of CHF 0.50 per share. CET1 capital is adjusted for regulatory deductions such as goodwill and deferred tax assets based on future profitability.

Additional Tier 1 capital comprises Bons de Participation without voting rights.

Tier 2 capital comprises a capital instrument of USD 400.0 million.

3. Risk weighted assets

The below table summarises the composition of the risk weighted assets, the change versus December 2019 and the minimum requirement on the basis of an 8.0% capital requirement[2].

		a	b	c
	CHF millions	RWA 30 June 2020	RWA 31 December 2019	Minimum Capital Requirement 30 June 2020
1	Credit risk (including non-counterparty credit risk)	6,644.2	6,894.2	531.5
2	*Of which standardised approach (SA)*	6,644.2	6,894.2	531.5
3	*Of which internal rating-based (F-IRB) approach*			
4	Of which supervisory slotting approach			
5	*Of which advanced internal ratings-based (A-IRB) approach*			
6	*Counterparty Credit risk*	734.0	323.0	58.7
7	Of which standardised approach (SA - CCR)	626.9		50.2
7a	Of which simplified standard approach (SSA - CCR)			
7b	Of which market value method			
8	Of which internal model method (IMM)			
9	Of which other CCR approach	107.1	323.0	8.6
10	Credit Valuation Adjustment (CVA)	74.5	68.9	6.0
11	*Equity positions under the simple risk weight approach*			
12	*Equity investments in funds - look -through approach*			
13	*Equity investments in funds - mandate-based approach*			
14	Equity investments in funds - fall-back approach			
14a	*Equity investments in funds - simplified approach*			
15	*Settlement risks*	0.5	0.5	0.0
16	Securitisation exposures in banking book			
17	*Of which internal ratings-based approach (SEC-IRBA)*			
18	*Of which external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)*			
19	*Of which standardised approach (SEC-SA)*			
20	Market risk	985.8	841.5	78.9
21	Of which standardised approach	985.8	841.5	78.9
23	Capital charge for switch between trading book and banking book			
24	Operational risk	1,947.8	2,008.0	155.8
25	Amounts below the thresholds for deduction (subject to 250% risk weight)			
26	Floor adjustment			
27	**Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)**	**10,386.8**	**10,136.1**	**830.9**

[2] FINMA Circular 2016/1 Table OV1

4. Liquidity Risk

Liquidity reflects the ability of the Group to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Liquidity risk has two components: funding risk and asset liquidity risk. If the Group is faced with unexpected cash outflows, it may need to sell a large amount of securities, with exposure to market prices and liquidity.

The Group manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy the Group's own cash flow needs within all of its business entities. The customer deposit base, capital and liquidity reserves position, in addition to the conservative gapping policy when funding customer loans, ensure that the Group runs only limited liquidity risks.

As defined in the risk appetite framework, the liquidity risk strategies are defined as follows:
- Holding sufficient liquid assets that EFG International could survive a sustained and severe run on its deposit base without any recourse to mitigating actions beyond liquidating those assets, and without breaching regulatory liquidity limits
- Funding the balance sheet primarily from customer deposits, using capital markets opportunistically, without being subject to funding concentration due to a small number of funding sources or clients

Due to its business focused on private banking, EFG International has high levels of excess liquidity. Financial assets are constantly monitored and a significant portion of safe and highly liquid assets is maintained. Cash and balances with central banks represent 18% of total assets, and an additional 10% are from high-quality liquid securities.

At the end of June 2020, EFG International is well positioned with a liquidity coverage ratio of 190%.

Liquidity risk management process

EFG International's liquidity risk management process is carried out by the Asset & Liability Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the liquidity risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors. The operative management is undertaken by Treasury. The process includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of funding

EFG International attempts to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes liquidity contingency plans. The contingency measures include, among other actions, the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or draw downs on lines of credit (liquidity shortage financing) with the Swiss National Bank.

EFG International complies with all regulatory requirements.

Funding approach

Overall, EFG International, through its business units, enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of the EFG International's total funding. The surplus of stable customer deposits over loans and other funding resources are placed by Treasury units in compliance with the local regulatory requirements and internal guidelines.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, geography, provider, term and product.

EFG International manages the liquidity and funding risks on an integrated basis. The liquidity positions of the business units are monitored and managed daily and internal limits are more conservative than the regulatory minimum levels, as required by the EFG International's risk appetite framework and liquidity risk policy.

Concentration risk

The overall level of liquidity exposure and corresponding limits are tightly monitored by means of specific risk metrics approved by the Board of Directors and in line with EFG International's overall committed level of risk appetite.

EFG International's concentration risks are managed through the following mechanisms:
- Monitoring of compliance with asset and liability management (ALM), funding concentration and risk appetite limits assigned
- Informing approval bodies when ALM, concentration and risk appetite limits are exceeded
- Proposing risk mitigation measures for ALM, concentration and risk appetite thresholds

Liquidity transfer pricing model

EFG International's liquidity transfer pricing model enables the management of the balance sheet structure and the measurement of risk-adjusted profitability, taking into account liquidity risk, maturity transformation and interest rate risk. The liquidity allocation mechanism allows to credit providers of funds for the benefit of liquidity and charge users of funds.

Customers' loans are charged for the usage of liquidity, based on the liquidity risk embedded in business activities. Short- and long-term loans receive differentiated charges for the cost of liquidity.

Liquidity adjustments are introduced for loans that have the same duration, but due to differing liquidity attributes are not of the same value or cost.

Customers' deposits are credited for the benefit of liquidity based on their likelihood of withdrawal. As a general rule, sticky money, such as term deposits, are less likely to be withdrawn and, therefore, receive larger credits than volatile money, such as demand deposits, savings and transaction accounts, which are more likely to be withdrawn at any time.

4.1 Liquidity coverage ratio

The LCR is an international regulatory standard. The LCR ensures that a bank has enough liquidity to withstand a 30-calendar-day liquidity stress scenario. It is the ratio between the amount of high-quality liquid assets (HQLA) available and potential net cash outflows over a 30-day period. The term net cash outflows is defined as the total potential cash outflows (such as withdrawals from sight deposits and non-renewals of borrowings with a maturity of less than 30 days) less the total potential cash inflows (such as the repayment of receivables with a maturity of less than 30 days) in a stress situation. For banks that, like EFG are not systemically important, the minimum requirement for the LCR is 100% in 2020.

Note that the FINMA require disclosure of the average quarterly LCR (see section 7.1) that reflects the average of ratio throughout the reporting periods. The table below summarises the LCR at 30 June 2020.

CHF millions	30 June 2020 Weighted values	31 December 2019 Weighted values
Total high-quality liquid assets (HQLA)	11,809.8	11,768.3
Total cash outflows	10,905.8	10,272.2
Total cash inflows	4,702.3	3,814.2
Total net cash outflows	6,203.5	6,458.0
Liquidity coverage ratio (in %)	**190%**	**182%**

The LCR for the Group has increased to 190% as at 30 June 2020 in comparison to the 182% reported as at 31 December 2019. The main driver to this increase has been an increase in contractual counterparties payments and loans inflow.

The Bank's SNB account makes up 63% of its HQLA. The remaining HQLA are primarily US, Hong Kong and Singaporean-issued securities that have a credit rating of between AAA and AA.

Withdrawals from retail and corporate client deposits account for around 84% of total potential cash outflows. This reflects the fact that client deposits are the Bank's primary source of funding and also therefore the primary source of potential fund outflows in the event of a liquidity run.

Other cash outflows relate mainly to:

- Derivatives maturing within 30 days and margin calls relating to credit support annexes;
- The undrawn part of credit facilities granted to clients;
- Contingent liabilities (e.g., guarantees and letters of credit).

Loans to clients and banks maturing within 30 days account for around 90% of potential cash inflows. The remaining cash inflows primarily come from derivatives maturing within 30 days. The LCR in Swiss francs is 215%, a large percentage of HQLA are denominated in Swiss francs (cash deposited at the SNB).

5. Comparison to IFRS basis

Reconciliation of Swiss GAAP to IFRS Regulatory Capital

	30 June 2020 CHF millions	31 December 2019 CHF millions
Total RWA: Swiss GAAP	**10,386.8**	**10,136.1**
Difference between FINMA and BIS rules	(438.5)	(459.6)
IFRS 9 impacts	(42.3)	(57.9)
Other financial assets not recognised under Swiss GAAP	105.2	101.7
Total RWA: IFRS	**10,011.2**	**9,720.3**
Total Regulatory Capital: Swiss GAAP	**1,982.8**	**2,039.1**
Common Equity Tier 1 (CET1) Capital adjustments	(361.3)	(352.9)
Tier 2 (T2) adjustments	29.3	14.8
Total Regulatory Capital: IFRS	**1,650.8**	**1,701.0**
The main variances in CET1 above relate to the following:		
– IAS 19 Pension (net of tax)	(80.7)	(51.1)
– IFRS 9 Life Insurance	(211.7)	(289.3)
– Swiss GAAP Hedge Accounting	(67.0)	
– Other	(1.9)	(12.5)
Total CET1 adjustments	**(361.3)**	**(352.9)**
IFRS Common Equity Tier 1 Ratio	**12.6%**	**13.4%**
IFRS Total Eligible Capital Ratio	**16.5%**	**17.5%**

Risk weighted assets

The risk weighted assets for FINMA reporting purposes are higher than for IFRS/BIS EU purposes primarily due to the treatment of mutual funds. These are effectively not eligible as collateral for FINMA purposes, but under BIS EU rules are able to be used on a look through basis to the underlying assets of the fund.

Common equity tier 1

As at 30 June 2020, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's common equity tier 1 relates to:

- Swiss ARB does not require any actuarial pension liability calculated based on short term interest rates to be recognised for defined contribution plans (except if the pension plan showed an actuarial deficit based on a reference average long term interest rate and the employer was due to the fund that deficit). Under IFRS, an additional post tax pension liability of CHF 80.7 million is recognised on the balance sheet.
- valuation differences, as under Swiss ARB certain financial instruments are valued on an amortised cost basis, and on a fair value basis for IFRS purposes. CHF 211.7 million difference arises from the Group's intention to hold until maturity life insurance related assets, which under IFRS are valued lower as required to be fair valued, whilst under Swiss ARB are carried at amortised cost
- application of hedge accounting for Swiss ARB related to interest rate derivatives, while not applied under IFRS as the hedge and the hedged item are recorded for IFRS through the profit and loss, whilst under Swiss ARB are reflected as an asset of CHF 67.0 million

6. Leverage ratio

The leverage ratio at 30 June 2020 is 4.3% compared to the regulatory requirement of 3.0%

The denominator of the ratio is effectively the Tier 1 capital of CHF 1,603.4 million divided by the Total Exposure of CHF 37.7 billion. Total exposure reflects all the on-balance sheet assets primarily adjusted for:

- Deducting assets already deducted from Tier 1 capital (goodwill and certain deferred tax assets)
- Grossing up securities financing transactions
- Derivatives exposure adjustments
- Other off-balance sheet exposures

Following the FINMA Guidance 02/2020 issued on 31 March 2020, the leverage ratio as at 30 June 2020 has been calculated in accordance with Article 46 of the Capital Adequacy Ordinance, excluding deposits held at central banks in all currencies pursuant to margin nos. 5 and 7 of Annex 1 to FINMA Circular 2020/1 "Accounting – Banks". The amount of central bank placements excluded has been reduced by the dividend payment relating to 2019. This is in accordance with the methodology defined within FINMA Guidance 03/2020.

As per FINMA Guidance 06/2020, this exemption is granted until 01 January 2021 or further notice.

7. Appendices

7.1 Information on liquidity coverage ratio[3]

	CHF millions	30 June 2020 Unweighted values[1]	30 June 2020 Weighted values[1]	31 March 2020 Unweighted values[1]	31 March 2020 Weighted values[1]	31 December 2019 Unweighted values[1]	31 December 2019 Weighted values[1]
1	**Total high-quality liquid assets (HQLA)**	**11,588.8**	**11,393.7**	**11,226.7**	**11,136.1**	**11,304.2**	**11,189.0**
B.	**Cash outflows**						
2	Retail deposits	15,962.7	1,870.7	15,734.4	1,916.0	15,508.4	1,876.4
3	*of which, stable deposits*						
4	*of which, less stable deposits*	15,962.7	1,870.7	15,734.4	1,916.0	15,508.4	1,876.4
5	*Unsecured wholesale funding*	16,461.4	7,103.8	16,346.8	7,349.2	16,300.8	7,148.5
6	*of which, operational deposits (all counterparties) and deposits in networks of cooperative banks*						
7	*of which, non-operational deposits (all counterparties)*	16,460.3	7,102.7	16,344.8	7,347.2	16,298.9	7,146.6
8	*of which, unsecured debt*	1.1	1.1	2.0	2.0	1.9	1.9
9	*Secured wholesale funding and collateral swaps*	431.3	431.3	429.2	429.2	259.4	259.4
10	*Other outflows Additional requirements*	1,337.1	982.4	1,191.6	817.4	841.4	551.0
11	*of which, outflows related to derivative exposures and other transactions*	1,180.2	918.9	1,040.1	771.7	659.7	483.3
12	*of which, outflows related to loss of funding on asset-backed securities, covered bonds and other structured financing instruments, asset-backed commercial papers, conduits, securities investment vehicles and other such financing facilities*						
13	*of which, outflows related to committed credit and liquidity facilities*	146.9	54.6	139.7	35.7	172.7	65.5
14	*Other contractual funding obligations*	12.4		18.6		41.8	
15	*Other contingent funding obligations*	1,540.2	1,156.7	1,406.8	1,021.7	973.5	581.2
16	**Total cash outflows**	**35,745.1**	**11,544.9**	**35,127.4**	**11,533.5**	**33,925.3**	**10,416.5**
C.	**Cash inflows**						
17	Secured lending (e.g. reverse repos)	9.1	9.1	7.7	7.7	8.9	8.9
18	Inflows from fully performing exposures	6,219.7	4,679.2	6,158.5	4,497.3	5,700.7	4,044.5
19	Other cash inflows	458.0	398.5	522.0	466.3	254.1	182.6
20	**Total cash inflows**	**6,686.8**	**5,086.8**	**6,688.2**	**4,971.3**	**5,963.7**	**4,236.0**
21	**Total high-quality liquid assets (HQLA)**		**11,393.7**		**11,136.1**		**11,189.0**
22	**Total net cash outflows**		**6,458.0**		**6,562.2**		**6,180.5**
23	Liquidity coverage ratio (in %)		176%		170%		181%

1 Monthly averages

[3] FINMA Circular 2016/1 Table LIQ1

7.2 Regulatory capital instruments

The below table summarises the Tier 1 and Tier 2 capital instruments and their key features[4].

		30 June 2020		
		Ordinary Shares	**Bons de Participation**	**Tier 2**
1	Issuer	EFG International AG	Banque de Luxembourg (on a fiduciary basis)	EFG International (Guernsey) Limited. Guaranteed by EFG International AG
2	Unique identifier	CH0022268228	XS0204324890	XS1591573180
3	Governing law of the instrument	Zurich, Switzerland / Swiss law	Luxembourg / Laws of the Grand Duchy of Luxembourg	Zurich, Switzerland / Swiss law
	Regulatory treatment			
5	Under post-transitional Basel III rules (CET1/AT1/T2)	Common equity tier 1	Additional tier 1	Tier 2
6	Eligible at single-entity, group/single-entity and group levels	Group	Group	Group
7	*Equity securities/debt securities/hybrid instruments/other instruments*	*Equity securities*	*Subordinated debt*	*Subordinated debt*
8	Amount recognised in regulatory capital (CHF millions)	147.3	14.3	379.3
9	Par value of instrument	CHF 0.50	EUR 1000	USD 1000
10	Accounting classification	Equity	Equity	Liability
11	Original date of issuance	12.10.2005	10.11.2004	05.04.2017
12	*Perpetual or dated*	*Perpetual*	*Perpetual*	*Dated*
13	*Original maturity date*	*N/A*	*N/A*	*05.04.2027*
14	Issuer call (subject to prior approval from supervisory authority)	No	Yes	Yes
15	*Optional call date/contingent call dates/redemption amount*	*N/A*	*30.04.2010*	*05.04.2022*
16	*Subsequent call dates, if applicable*		*Every Dividend Payment Date following 30.04.2010 at par*	*No regular subsequent call date; callable upon Tax Event or Capital Event only*

[4] FINMA Circular 2016/1 Table CCA

		30 June 2020		
		Ordinary Shares	**Bons de Participation**	**Tier 2**
	Coupons / dividends			
17	Fixed/floating rate/initially fixed and subsequently floating rate/initially floating rate and subsequently fixed	Variable	Variable	Fixed
18	Coupon rate and any related index		EUR 10year swap + 0.25%, capped at 8%	5% up to 05.04.2022 then USD 5Y swap + 2.978%
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	No	Yes	No
20	Coupon payment/dividends: fully discretionary/partially discretionary/mandatory	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down feature	No	No	Yes
31	*Write-down trigger(s)*			*Viability Event (FINMA, Public Support)*
32	*Full/partial*			*Full write down*
33	*Permanent or temporary*			*Permanent*
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 capital	Tier 2 capital	Senior debt
36	Features that prevent full recognition under Basel III	No	No	No
37	*If yes, specify non-compliant features*			

7.3 Detailed regulatory capital calculation[5]

	CHF millions	30 June 2020 Net amounts (after consideration of the transitional provisions)	Reference
	Common Equity Tier 1 (CET1)		
1	Issued fully paid-up capital, fully eligible	147.3	d
2	Retained earnings	(181.1)	
3	Capital reserves	1,873.4	
5	Minority interests	40.7	e
6	**Common Equity Tier 1 (CET1) before adjustments**	**1,880.3**	
	Adjustments referring to Common Equity Tier 1		
8	Goodwill (net of related tax liability)	(26.9)	a
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(29.7)	b
10	Deferred tax assets that rely on future profitability	(82.8)	c
26b	Other deductions	(151.7)	
28	**Total regulatory adjustments to CET1**	**(291.1)**	
29	**Common Equity Tier 1 capital (net CET1)**	**1,589.2**	
	Additional Tier 1 Capital (AT1)		
30	Issued and paid in instruments, fully eligible	14.3	
31	*of which: classified as equity under applicable accounting standards*	*14.3*	
32	*of which: classified as liabilities under applicable accounting standards*		
44	**Additional Tier 1 capital (net AT1)**	**14.3**	
45	**Tier 1 Capital (T1 = CET1 + AT1)**	**1,603.5**	
	Eligible Tier 2 capital (T2)		
46	Issued and paid in instruments, fully eligible	379.3	
58	**Tier 2 capital (net T2)**	**379.3**	
59	**Regulatory capital (net T1 & T2)**	**1,982.8**	

[5] FINMA Circular 2018/1 Table CC1

8. Abbreviations

ALCO	Asset & Liabilities Management Committee
ALM	Asset and liability management
AT1	Additional Tier 1
BIS	Bank for International Settlements
BoD	Board of Directors
CAO	Capital Adequacy Ordinance - Ordinance of 1 June 2012 concerning capital adequacy and risk diversification for banks and securities traders (known as the "Capital Adequacy Ordinance")
CCF	Credit conversion factor
CCR	Counterparty credit risk
CET1	Common Equity Tier 1
CLS	Continuous linked settlement
CRM	Credit risk mitigation
CSA	Credit Support Annex, an optional annex for ISDA netting agreements
CVA	Credit valuation adjustment: capital requirement aimed at covering the risk of loss in market value as a result of deterioration in the counterparty's credit quality
EAD	Exposure at default
EBA	European Banking Authority
EVE	Economic value of equity
FINMA	Swiss Financial Market Supervisory Authority
GMRA	Global Master Repurchase Agreement of the Public Securities Association/International Securities Market Association (PSA/ISMA)
GMSLA	Global Master Securities Lending Agreement
HQLA	High-quality liquid assets
ICAAP	Internal capital adequacy assessment program
ICS	Internal control system
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
LCR	Liquidity coverage ratio
NII	Net interest income
OTC	Over the counter
RWA	Risk-weighted assets
SFT	Securities financing transaction
SIC	Swiss Interbank Clearing
SNB	Swiss National Bank
SA-BIS	International Standardised Approach in accordance with the CAO
T2	Tier 2
VaR	Value at risk